



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY

REGION 4

ATLANTA FEDERAL CENTER
61 FORSYTH STREET
ATLANTA, GEORGIA 30303-8960

MAY 11 2012

UNITED PARCEL SERVICE
E-MAIL VERIFICATION REQUESTED

Mr. John Connor
Senior Vice President Operations and Engineering
American Midstream Partners, LP
1614 15th Street
Suite 300
Denver, Colorado 80202

SUBJ: Clean Air Act Compliance Order and Information Request
EPA Docket No. CAA-04-2012-1780

Dear Mr. Connor:

Pursuant to Section 113(a)(3) of the Clean Air Act (the Act or CAA), 42 U.S.C. § 7413(a)(3), the U.S. Environmental Protection Agency is issuing the enclosed Administrative Compliance Order (Order)(Enclosure A), requiring American Midstream Partners, LP (American Midstream) to comply with certain requirements of the general duty provisions of Section 112(r) of the Act at its facility, located in Waynesboro, Wayne County, Mississippi.

This Order is based on information in the EPA's possession indicating that American Midstream has violated the general duty provisions of Section 112(r) of the Act by failing to design and maintain a safe facility taking such steps as are necessary to prevent releases while processing, handling or storing natural gas containing methane, hydrogen sulfide, ethane, propane, butanes, and pentanes, regulated and extremely hazardous substances. Documentation of this information is presented in the enclosed electronic compact disk (Enclosure B). If American Midstream fails to comply with this Order, EPA may undertake additional enforcement activities under Section 113 of the Act, or other statutory or regulatory authorities.

Section 114(a) of the CAA, 42 U.S.C § 7414(a), authorizes the Administrator of EPA to require any person who owns or operates an emission source, whom the Administrator believes may have information necessary for the purposes of Section 114(a), or who is subject to any requirement of the CAA, to provide such information as the Administrator may reasonably require for the purpose of carrying out any provision of the CAA. This authority has been duly delegated to the Director of the Air, Pesticides, and Toxics Management Division, Region 4.

Pursuant to Section 114(a) of the Act, American Midstream is required to provide a report, and provide a statement as to whether American Midstream asserts a claim of business confidentiality, discussed in detail later in this letter, on the information contained on the compact disk, to the EPA Region 4 office **within 20 days** of receipt of the enclosed Order. The report shall include information describing the actions that were taken within 15 days as prescribed by Paragraph 17 of the Order, or the actions that had already been taken prior to the issuance of the Order, including the specific actions undertaken to fix, repair or replace the components which led to the releases, and the measures put in place to prevent releases from occurring in the future.

The information shall be sent to the following Region 4 address:

U.S. Environmental Protection Agency
Air, Pesticides and Toxics Management Division
Air and EPCRA Enforcement Branch
U.S. EPA - Region 4
61 Forsyth Street
Atlanta, Georgia 30303
Attn: Ms. Sydnee Adams

Please be aware, there are significant penalties for knowingly submitting false statements and information, including the possibility of fines or imprisonment pursuant to Section 113(c)(2) of the Act, and 18 U.S.C. §§ 1001 and 1341.

You are entitled to assert a claim of business confidentiality covering all or part of any required information, in the manner described at 40 C.F.R. § 2.203(b). Information subject to a claim of business confidentiality will be made available to the public only in accordance with the procedures set forth at 40 C.F.R. Part 2, Subpart B. Unless a confidentiality claim is asserted at the time the required information is provided, the EPA may make this information available to the public without further notice to you. Please note, if you assert a confidentiality claim, you will be asked to provide additional information to substantiate your claim, in order for EPA to make a determination whether the material you claim as business confidential is entitled to confidential treatment. Notwithstanding the above, the information you provide may be used by EPA in administrative, civil and criminal proceedings. See Enclosure C for confidential business information assertion and substantiation requirements, if there is a claim of business confidential information.

This request is exempt from the requirements of the Paperwork Reduction Act of 1980, 44 U.S.C. § 3501 et seq., because it seeks the collection of information by an agency from specific individuals or entities as part of an administrative action or investigation.

If you have any questions or would like to meet with representatives of the EPA to discuss the Order or the information request, please contact Ms. Sydnee Adams at (404) 562-9196.

Sincerely,



Beverly H. Banister
Director
Air, Pesticides and Toxics
Management Division

Enclosures: A) Compliance Order
B) Compact Disk
C) Confidential Business Information

cc: Chris Sanders, MDEQ (w/ Enclosure A and Enclosure C)

UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
REGION 4

IN THE MATTER OF:)

American Midstream Partners, LP)
Waynesboro, Mississippi)

RESPONDENT)
_____)

Docket No. CAA-04-2012-1780

COMPLIANCE ORDER

I. STATUTORY AUTHORITY

This Administrative Compliance Order (Order) is issued under the authority vested in the Administrator of the U.S. Environmental Protection Agency (EPA) by Section 113(a) of the Clean Air Act (the Act), 42 U.S.C. § 7413(a). The Administrator has delegated this authority to the Regional Administrator of EPA Region 4 by EPA Delegation 7-6-A, who in turn delegated it to the Director, Air, Pesticides and Toxics Management Division of EPA Region 4 by Region 4 Delegation 7-6-A.

II. FINDINGS

1. American Midstream Partners, LP (American Midstream or Respondent), is the owner and operator of a natural gas processing facility located in Waynesboro, Wayne County, Mississippi (Bazor Ridge Treating Facility). The Bazor Ridge Treating Facility receives commingled natural gas and hydrocarbon condensate containing hydrogen sulfide from mineral leases, separates the liquid condensate from the inlet gas stream, removes the hydrogen sulfide from the gas stream by the utilization of an amine treating unit, removes remaining natural gas liquids by the utilization of a molecular sieve and cryogenic process, pressurizes the natural gas, and transfers it to the natural gas sales pipeline. The major components of sour natural gas and natural gas liquids are methane, hydrogen sulfide, ethane, propane, butanes, and pentanes, although other volatile organic compounds (VOCs) and

hazardous air pollutants (HAPs) are present.

2. Methane and hydrogen sulfide are chemical components of the natural gas at the Bazor Ridge Treating Facility, and hydrogen sulfide, ethane, propane, butane and pentane are chemical components of the natural gas liquids at the Bazor Ridge Treating Facility, and are listed as regulated substances under Tables 1 - 4 of 40 C.F.R. 68.130 [Regulated Substances for Accidental Release Prevention]. Therefore, these chemicals are regulated and extremely hazardous substances under Section 112(r) of the Act.

3. Section 112(r)(1) of the Act, 42 U.S.C. § 7412(r)(1), also called the general duty clause of the Act, states that the objective of the regulations and programs authorized under this subsection is to prevent the accidental release and to minimize the consequences of any such release of any substance listed pursuant to Section 112(r)(3) or any other extremely hazardous substance. The owners and operators of stationary sources producing, processing, handling or storing such substances have a general duty to identify hazards that may result from releases using appropriate hazard assessment techniques, to design and maintain a safe facility taking such steps as are necessary to prevent releases, and to minimize the consequences of accidental releases which do occur.

4. The Bazor Ridge Treating Facility is a "stationary source" as defined by Section 112(r)(2)(C) of the Act, as amended, 42 U.S.C. 7412(r)(2)(C), which states: "The term 'stationary source' means any buildings, structures, equipment, installations or substance emitting stationary activities (i) which belong to the same industrial group, (ii) which are located on one or more contiguous properties, (iii) which are under the control of the same person (or persons under common control), and (iv) from which an accidental release may occur."

5. On December 14, 2011, EPA inspectors conducted an air compliance evaluation of the Bazor Ridge Treating Facility utilizing a Forward Looking Infrared Gas Finder Camera (FLIR)®.

6. The FLIR is an imaging technology that uses infrared radiation to detect various gases and hydrocarbons.

7. During EPA's December 14, 2011, evaluation of the Bazor Ridge Treating Facility, the FLIR camera identified releases of air pollutants. Based on records provided by American Midstream, these releases included some or all of the following: methane, hydrogen sulfide, ethane, propane, butane, and pentane. The release was documented at the access hatch on the slop oil tank which demonstrates, at a minimum, Respondent has failed to design and maintain a safe facility taking such steps as are necessary to prevent releases, and is in violation of Section 112(r)(1) of the Act.

8. During EPA's December 14, 2011, evaluation of the Bazor Ridge Treating Facility, the FLIR camera identified releases of air pollutants. Based on records provided by American Midstream, these releases included some or all of the following: methane, hydrogen sulfide, ethane, propane, butane, and pentane. The release was documented at the access hatch on the produced water tank which demonstrates, at a minimum, Respondent has failed to design and maintain a safe facility taking such steps as are necessary to prevent releases, and is in violation of Section 112(r)(1) of the Act.

9. During EPA's December 14, 2011, evaluation of the Bazor Ridge Treating Facility, the FLIR camera identified releases of air pollutants. Based on records provided by American Midstream, these releases included some or all of the following: methane, hydrogen sulfide, ethane, propane, butane, and pentane. The release was documented at the connector on top of the tank (on a trailer) catching the bottoms drained off the condensate tanks which demonstrates, at a minimum, Respondent has failed to design and maintain a safe facility taking such steps as are necessary to prevent releases, and is in violation of Section 112(r)(1) of the Act.

10. During EPA's December 14, 2011, evaluation of the Bazor Ridge Treating Facility, the FLIR camera identified releases of air pollutants. Based on records provided by American Midstream,

these releases included some or all of the following: methane, ethane, propane, butane, and pentane.

The release was documented at the fuel gas monitoring system drain which demonstrates, at a minimum, Respondent has failed to design and maintain a safe facility taking such steps as are necessary to prevent releases, and is in violation of Section 112(r)(1) of the Act.

11. During EPA's December 14, 2011, evaluation of the Bazor Ridge Treating Facility, the FLIR camera identified releases of air pollutants. Based on records provided by American Midstream, these releases included some or all of the following: methane, ethane, propane, butane, and pentane. The release was documented at the fuel gas drain on the inlet compressor 3516, which demonstrates, at a minimum, Respondent has failed to design and maintain a safe facility taking such steps as are necessary to prevent releases, and is in violation of Section 112(r)(1) of the Act.

12. During EPA's December 14, 2011, evaluation of the Bazor Ridge Treating Facility, the FLIR camera identified releases of air pollutants. Based on records provided by American Midstream, these releases included some or all of the following: methane, hydrogen sulfide, ethane, propane, butane, and pentane. The release was documented at the number one inlet compressor pressure gauge which demonstrates, at a minimum, Respondent has failed to design and maintain a safe facility taking such steps as are necessary to prevent releases, and is in violation of Section 112(r)(1) of the Act.

13. During EPA's December 14, 2011, evaluation of the Bazor Ridge Treating Facility, the FLIR camera identified releases of air pollutants. Based on records provided by American Midstream, these releases included some or all of the following: methane, hydrogen sulfide, ethane, propane, butane, and pentane. The release was documented at the number two inlet compressor panel seal which demonstrates, at a minimum, Respondent has failed to design and maintain a safe facility taking such steps as are necessary to prevent releases, and is in violation of Section 112(r)(1) of the Act.

14. During EPA's December 14, 2011, evaluation of the Bazor Ridge Treating Facility, the

FLIR camera identified releases of air pollutants. Based on records provided by American Midstream, these releases included some or all of the following: methane, hydrogen sulfide, ethane, propane, butane, and pentane. A Photo Ionization Detector (PID) was used in this area and it showed a maximum reading of 473 parts per million. The release was documented at the number three inlet compressor adjustment valve packing which demonstrates, at a minimum, Respondent has failed to design and maintain a safe facility taking such steps as are necessary to prevent releases, and is in violation of Section 112(r)(1) of the Act.

15. During EPA's December 14, 2011, evaluation of the Bazor Ridge Treating Facility, the FLIR camera identified releases of air pollutants. Based on records provided by American Midstream, these releases included some or all of the following: methane, hydrogen sulfide, ethane, propane, butane, and pentane. The release was documented at the number three inlet compressor top packing which demonstrates, at a minimum, Respondent has failed to design and maintain a safe facility taking such steps as are necessary to prevent releases, and is in violation of Section 112(r)(1) of the Act.

16. The Bazor Ridge Treating Facility personnel were present during the on-site evaluation with the FLIR camera.

III. ORDER

Based upon the findings set forth above, Respondent IS HEREBY ORDERED, pursuant to Section 113(a)(3) of the Act, 42 U.S.C. § 7413(a)(3) as follows:

17. Within 15 days of receipt of this Order, the Respondent shall take such steps as are necessary to prevent the release of a regulated or other extremely hazardous substance as described above, including fixing, repairing, or replacing the components that led to the release.

IV. GENERAL PROVISIONS

18. The provisions of this Order shall apply to Respondent and its officers, agents, servants,

employees, successors, and to all persons, firms, and corporations acting under, through or for Respondent.

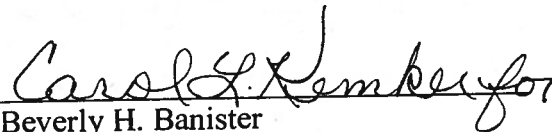
19. If Respondent fails to comply with this Order, the EPA may undertake additional enforcement activities under Section 113 of the Act, or other statutory or regulatory authorities.

20. This Order shall not prevent the State or the EPA from assessing any penalties nor otherwise affect or limit the State's or the United States' authority to enforce under other provisions of the Act, nor affect any person's obligations to comply with any section of the Act or with a term or condition of any permit or applicable implementation plan promulgated or approved under the Act.

21. This Order shall be effective when issued.

5/11/12

Date of Issuance



Beverly H. Banister

Director

Air, Pesticides and Toxics
Management Division

ENCLOSURE B

ELECTRONIC DISK WITH INFRARED CAMERA FINDINGS

DISK NOT INCLUDED TO MISSISSIPPI DEPARTMENT OF ENVIRONMENTAL QUALITY
UNTIL COMPANY HAS HAD THE OPPORTUNITY TO REVIEW FOR CONFIDENTIAL
BUSINESS INFORMATION

ENCLOSURE C

CONFIDENTIAL BUSINESS INFORMATION (CBI) ASSERTION AND SUBSTANTIATION REQUIREMENTS

You may assert a business confidentiality claim covering all or part of the information you provide in response to this information request for any business information entitled to confidential treatment under Section 114(c) of the Clean Air Act (the Act), 42 U.S.C. §7414, and 40 CFR Part 2, subpart B. Under Section 114(c) of the Act, you are entitled to confidential treatment of information that would divulge methods or processes entitled to protection as trade secrets. Under 40 CFR Part 2, subpart B, business confidentiality means the concept of trade secrecy and other related legal concepts which give (or may give) a business the right to preserve the confidentiality of business information and to limit its use or disclosure by others in order that the business may obtain or retain business advantages it derives from its rights in the information. See 40 CFR §2.201(e).

The criteria EPA will use in determining whether material you claim as business confidential is entitled to confidential treatment are set forth at 40 CFR §2.208 and 2.301. These regulations provide, among other things, that you must satisfactorily show that: (1) the information is within the scope of business confidentiality as defined at 40 CFR §2.201(e), (2) that you have taken reasonable measures to protect the confidentiality of the information and that you intend to continue to do so, (3) the information is not and has not been reasonably obtainable by legitimate means without your consent, and (4) the disclosure of the information is likely to cause substantial harm to your business' competitive edge. See 40 CFR §2.208 (a)-(d). Emission data, as defined at 40 CFR §2.301(a)(2), is expressly not entitled to confidential treatment under 40 CFR Part 2, subpart B. See 42 U.S.C. §7414(c); 40 CFR § 2.301(e).

Information covered by a claim of business confidentiality will be disclosed by EPA only to the extent, and by means of the procedures, set forth in Section 114(c) of the Act and 40 CFR Part 2, subpart B. EPA will construe your failure to furnish a business confidentiality claim with your response to this information request as a waiver of that claim, and the information may be made available to the public without further notice to you.

To assert a business confidentiality claim, you must place on (or attach to) all information you desire to assert as business confidential either a cover sheet, stamped or typed legend, or other suitable form of notice employing language such as trade secret, proprietary, or company confidential at the time you submit your response to this information request. Allegedly confidential portions of otherwise non-confidential documents should be clearly identified, and may be submitted separately to facilitate identification and handling by EPA. You should indicate if you desire confidential treatment only until a certain date or until the occurrence of a certain event.

In addition, EPA is providing you notice that if you assert a claim of business confidentiality for information you provide in response to this information request, EPA will determine whether such information is entitled to confidential treatment, pursuant to 40 CFR Part 2, subpart B. Accordingly, after EPA's receipt of your business confidentiality claim, you will receive a letter inviting your comments on the following questions:

1. What specific portions of the information are alleged to be entitled to confidential treatment? Specify by page, paragraph, and sentence when identifying the information subject to your claim.
2. For what period of time do you request that the information be maintained as confidential, e.g., until a certain date, until the occurrence of a specified event, or permanently? If the occurrence of a specific event will eliminate the need for confidentiality, specify that event. Additionally, explain why the information should be protected for the time period you've specified.
3. What measures have you taken to protect the information claimed as confidential from undesired disclosure? Have you disclosed the information to anyone other than a governmental body or someone who is bound by an agreement not to disclose the information further? If so, why should the information still be considered confidential?
4. Is the information contained in any publicly available material such as the Internet, publicly available databases, promotional publications, annual reports, or articles? Is there any means by which a member of the public could obtain access to the information? Is the information of a kind that you would customarily not release to the public?
5. Has any governmental body made a determination as to the confidentiality of the information? If so, please attach a copy of the determination.
6. For each category of information claimed as confidential, explain with specificity whether disclosure of the information is likely to result in substantial harm to your competitive position. Explain the specific nature of those harmful effects, why they should be viewed as substantial, and the causal relationship between disclosure and such harmful effects. How could your competitors make use of this information to your detriment?
7. Is there any other explanation you deem relevant to EPA's determination of your business confidentiality claim that is not covered in the preceding questions? If so, you may provide such additional explanation.

See 40 CFR §2.204(e)(4). When you receive such a letter, you must provide EPA with a written response within the number of days set forth in the letter. EPA will construe your failure to furnish timely comments as a waiver of your confidentiality claim, consistent with 40 CFR §2.204(e)(1).